

Chicago, IL - As part of her yearlong efforts to reform financial regulation and prevent a repeat of last year's financial crisis, Congresswoman Melissa Bean (IL-08) today urged her colleagues on both sides of the aisle to support a package of reforms that will pass out of committee this week and head to the floor of the House of Representative for a vote soon.

"As I said when we began work on these reforms almost a year ago, regulatory reform may not be glamorous, but it is critical to creating a functional, sustainable financial system that families and businesses can count on," Bean said. "We must avoid future breakdowns that jeopardize the value of our pensions, our homes, our businesses and our national economy."

Bean serves on the House Financial Services Committee that has written most of the reforms, the last of which is expected to pass this week. The House Committees on Agriculture and on Energy and Commerce have passed a series of reform bills as well. Congress is expected to vote on a combined financial services reform package in December.

As co-chair of the New Dem Financial Services Task Force and as a former small business owner, Bean has become a leading voice in Congress on regulatory reform and was a key architect of many of the reforms. In February, she and her New Dem colleagues released 21 principles for financial regulatory reform, the majority of which are included in the final legislation.

The major bills in this reform package include:

H.R. 3996, *The Financial Stability Improvement Act*:

This anti-bailout measure will ensure that failing companies are left to fail, with consequences to their executives and shareholders but without risk to the overall economy. The unprecedented action the federal government took to stabilize the financial system last year was necessary

because of the interconnectedness of major firms and the threat to the overall economy. By establishing a mechanism for the Systemic Dissolution Authority—an FDIC sub-corporation—to wind down major firms at their expense, not taxpayers', we prevent the need for future interventions while guarding against systemic risk to the economy. A financial services oversight council will have the authority and responsibility to pull information from different regulators and require regulators to take action when it perceives a company or activity is a risk to the economic system, such as the exploding growth in unregulated credit default swaps. Bean personally amended the bill to require banking regulators, for the first time, to institute counter-cyclical capital requirements that would moderate the boom-and-bust cycle of the economy, putting us on a path to sustainable, long-term growth.

H.R. 3818, *The Over-the-Counter Derivatives Market Act*:

The multi-trillion dollar market in credit default swaps and other unregulated over-the-counter derivatives created a domino effect when the financial crisis culminated last year. While derivatives have legitimate uses for helping investors and businesses hedge their risk, the lack of transparency and regulatory oversight allowed for abuses and irresponsible practices. By moving the majority of derivatives trading to a public exchange and by allowing regulators oversight of all derivatives, we guard against a shadow market that can jeopardize the regulated savings and investments of ordinary Americans.

H.R. 3126, *The Consumer Financial Protection Agency Act* :

This legislation creates a stand-alone agency to create and enforce consumer protection standards for all financial institutions and products, taking the place of an alphabet soup of regulators who often considered consumer protection a secondary function.

H.R. 3817, The Investor Protection Act:

This bill reforms the SEC to provide it enhanced authority and funding to investigate fraud schemes like the Madoff scandal.

H.R. 3890, The Accountability and Transparency in Rating Agencies Act:

This act will increase transparency and accountability at Nationally Recognized Statistical Rating Organizations, and mitigates conflicts of interest. During the crisis, ratings agencies were sometimes paid to help firms design investment vehicles before acting as a supposedly objective referee to grade the safety of those investments.